



Office of Internal Audit Monthly Internal Control Tip

Ensure that your area, agency, or department considers the following best practices when implementing a review and approval process.

A key element to a sound internal control structure is a documented process for review and approval. A review process typically consists of an evaluation performed by a person other than the initial preparer or performer. An approval process typically consists of an authorized person formally deeming something as satisfactory. Review and approval generally go hand and hand. In fact, the review process and approval process may be combined and performed by the same person. Best practices for review and approval processes are noted below.

- Documented review and approval is a control used to safeguard against the risk of error, fraud, and misappropriation while also promoting accountability.
- Departments and agencies should clearly define functions and processes that are subject to review and approval. When necessary the department or agency should develop policy that guides the review and approval process. Examples of functions and processes subject to review and approval include, but are not limited to the following:
 - Reconciliations
 - Policies
 - Various Applications (i.e. financial assistance application, ABC license application, etc.)
 - Journal Entries
 - Various Transactions (i.e. purchases, contracts, etc.)
- Typically functions and processes subject to review and approval will have an initial preparer, a reviewer, and an approver. The best practice is that these roles are filled by three different people for proper segregation of duties. It is imperative that the preparer does not review his/her own work. It is acceptable for the review and approval process to be combined.
- Review and approval should be documented by the signature of the reviewer and approver along with the date of the review and approval. The preparer should also include his/her signature along with the preparation date.

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